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UNCLAS HARARE 000643

SIPDIS

STATE FOR AF/S  
NSC FOR SENIOR AFRICA DIRECTOR JFRAZER  
USDOC FOR 2037 DIEMOND  
PASS USTR ROSA WHITAKER  
TREASURY FOR ED BARBER AND C WILKINSON  
STATE PASS USAID FOR MARJORIE COPSON

[1](#)E. O. 12958: N/A  
TAGS: [EMIN](#) [ECON](#) [EINV](#) [ETRD](#) [ZI](#)  
SUBJECT: No Coal/No Power

Ref: Harare 79

[1](#)1. Summary: Aged machinery at Zimbabwe's coal miner constrains output and, ultimately, domestic energy generation. End Summary.

[1](#)2. In January we reported that most of Wankie's haulers, dump trucks, rope shovels and front-end loaders were grounded, causing the strategic company to undersupply Zimbabwe's largest power station (ref). The Operations Manager at Barzem, Zimbabwe's sole Caterpillar dealer, provides further insight. Caterpillar machines at Wankie are already 20-23 years old. The Barzem rep complained that mechanics have been "patching up" machines that Wankie should long since have retired. In spite of the tough business climate, the rep has reluctantly turned down new repair orders from Wankie. He said his company could no longer take responsibility for fixes to antiquated equipment. Even when machines are operable, their outdated technology causes Wankie to overpay for each ton of extracted coal (by 2003 standards), making the miner less competitive.

[1](#)3. Comment: As a critical cog in Zimbabwe's economy, Wankie bears watching. Hwange Power's low output, due to erratic coal supplies, heightens Zimbabwe's dependence on unaffordable imported South African and Mozambican energy. Parastatal ZESA is increasingly rationing energy (load-shedding), a consequence of Wankie's inability to pay for updated machinery. Undeniably, the infrastructure that underpins Zimbabwe's once-enviable economy is crumbling.

Sullivan